cc Tom Doron

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
http://www.blm.gov

TAKE PRIDE IN AMERICA

S/027/086

IN REPLY REFER TO:
3833
(UT923-OA)
UTU-78278
BLM Bond No.

November 3, 2005

CERTIFIED MAIL--Return Receipt Requested

Levin Stone, Principal/Obligor
ATTENTION: Mr. Philip Levin
P. O. Box 95
Ash Fork, AZ 86320

Dear Mr. Levin:

Effective April 13, 2001, this office accepted a $9,000 Surety bond, No. , to secure 3809 plan/notice UTU-78278 (UTU078278) surface management bond filed by Levin Stone, Principal/Obligor.

On October 3, 2005, we received a notification from Lyndon Property Insurance Company that it elects to cancel Bond Number in the amount of $9000, covering plan of operation No. UTU078278, and the cancellation applies to any conditions stipulated in the bond form.

The Bureau of Land Management (BLM) and the Utah Division of Oil, Gas, and Mining have determined that the reclamation has not been completed. Therefore, we cannot provide a release on all past, present and future liabilities under Surety bond No.

The authorized officer shall not give consent to termination of the period of liability of any bond unless an acceptable replacement bond has been filed or until all the terms and conditions of the 3809 notice has been met. When the BLM Fillmore Field Office and the Utah State of Division of Oil, Gas, and Mining concur in termination of the period of liability, it means that they have determined, to the extent that they can, that all terms and conditions of all plans of operations/notices covered by the bond have been completed. Only when such a determination has been made can this office terminate the period of liability, that is, set a specific time after which no new liability or cause of action may accrue under the bond. The regulations do not

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allow any complete cancellation or an "unconditional release" of the surety from any liability whatsoever.

The bond was accepted to provide bond coverage for operations held by the principal during the period from the date of its acceptance until BLM determined, to the best of its knowledge, that the bond was no longer required and terminated its period of liability effective (date). The termination of liability would not preclude our assessing liability against the principal and surety if, for example, 2 years after termination of the period of liability, BLM discovers that reclamation and restoration was improperly performed and has caused serious environmental damage. The fact that the period of liability of the bond has been terminated means only that the exact date has been set, beyond which no new cause of action may accrue. Therefore, we cannot grant you an unconditional release of the bond.

Therefore, you are hereby requested to provide a replacement security in the amount of $9,000. Pursuant to 43 CFR 3809, a surety is not released from an obligation that accrued while the surety bond was in effect unless the replacement financial guarantee/bond covers such obligations to the BLM's satisfaction. The replacement bond must assume any outstanding liability on the operations(s) covered by the prior bond. The required bond forms are attached for your use.

In accordance with regulations at 43 CFR 3809, if a replacement financial quarantee/bond, is not received in this office on or before December 1, 2005, this office will demand that the surety/financial institution pay the full amount of surety bond No.(__________) to insure continuing coverage of the principal/obligor named above. Such funds will be retained in our suspense account, with no interest accruing to the obligor, until the bond coverage is no longer required or until the obligor furnishes another replacement security.

If there are any questions prior to providing this replacement security, please contact Opolonia Abeyta at (801) 539-4123.

Sincerely,

James F. Kohler

James F. Kohler
Chief, Branch of Solid Minerals

Enclosures:
Bond Forms

cc:
Principal/Obligor
Surety/Financial Institution:
Lyndon Property Insurance Company
520 Maryville Centre, Ste. 500
St. Louis, MO 63141

Lyndon Property Insurance Company
Asset Protection Division
ATTN: Jon Beck
One Chesterfield Place
14755 N. Outer Forty, Ste. 400
St. Louis, MO 63017

Lyndon Property Insurance Company
Enah M. Stone, Attorney-In-Fact
1130 Willow Creek Road
Prescott, AZ 86301

Jerry Mansfield, BLM Fillmore Field Office (UT010)
Tom Monsen, Utah Division of Oil, Gas and Mining